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Message Text

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53
ACTION EA-14

INFO OCT-01 ADP-00 SS-15 PM-07 L-03 INR-10 EUR-25 IO-13

ABF-01 RSR-01 RSC-01 /091 W
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R 161250Z JUL 73
FM AMEMBASSY SAIGON
TO SECSTATE WASHDC 4660
INFO USDEL JEC PARIS

C O N F I D E N T I A L SAIGON 12801

STADIS//

E.O. 11652: GDS
TAGS: MARR VS
SUBJECT: ICCS FINANCES

REF: A. SAIGON 12745 B. STATE 126041

1. WITHOUT RAISING SUBJECT OF REIMBURSEMENT BY ICCS FOR U.S. MILITARY EXPENDITURES, EMBOFF MET WITH ICCS FINANCE DIRECTOR HOLDAK (POLDEL) JULY 12 TO DISCUSS CURRENT STATE OF ICCS FINANCES. HOLDAK PREDICTED TOTAL FINANCIAL COLLAPSE BEFORE END OF JULY UNLESS FURTHER INTERIM FUNDING SUPPORT IMMEDIATELY RECEIVED. SITUATION IS ALREADY DIRE AND RAPIDLY WORSENING WITH NO RELIEF IN SIGHT.

2. ACCORDING TO HOLDAK, ICCS HAS APPROXIMATELY $250,000 IN CHARTERED BANK CASH ACCT, HAD DRAWN OUT ENTIRE $1.5 MILLION ENCUMBERED ACCT FOR AIR AMERICA AND WAS NOW DRAWING DOWN WHAT REMAINED IN $300,000 FEC COMMUNICATIONS ENCUMBERED ACCT. TO MAINTAIN FUSCAL CREDIBILITY, HOLDAK ESTIMATED ICCS MUST PAY AT LEAST $585,000 IN OUTSTANDING BILLS WITHIN NEXT TWO WEEKS. ICCS SHOULD ALSO REIMBURSE RESPECTIVE CHIP DEL FOR JUNE AND JULY PER DIEM COSTS OF $900,000 ASAP PARTICULARLY SINCE DELS ARE BEGINNING TO ROTATE PERSONNEL.

3. AS INSTRUCTED REFTEL B PARA 4, EMBOFF NOTED THAT NO USG PAYMENT
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WOULD BE POSSIBLE PRIOR TO CONGRESSIONAL ACTION AND THAT ICCS

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SHOULD SEEK PAYMENT FROM PRG/DRV NOW IN ARREARS OF $700,000 EACH ON SECOND INTERIM FUNDING CONTRIBUTION. HOLDAK REPLIED THAT ICCS HAD WRITTEN PRG/DRV LETTERS REQUESTING PAYMENT AND POLDEL HAD MADE SAME POINT IN PRIVATE TALKS. ACCORDING TO HOLDAK, BOTH PRG AND DRV REPS SAY THEY HAVE NO MONEY.

4. IN SEPARATE DISCUSSION DURING RECENT FAREWELL CALL ON HUNGDEL AMBASSADOR, CHARGE REPEATED THAT ICCS SHOULD LOOK TO PRG/DRV FOR ADDITIONAL FUNDS, AND EMBOFF ALSO STRESSED THIS THEME DURING INFORMAL CONVERSATIONS JULY 13 WITH POLDEL/HUNGDEL/CANDEL REPS. HOWEVER, NO ONE IN ICCS SEEMS AT ALL OPTIMISTIC THAT PRG OR DRV WILL PAY IN TIME TO EASE CURRENT FINANCIAL CRISIS.

5. COMMENT. IF WE EXCLUDE OPTION OF LETTING ICCS FALTER FINANCIALLY AT THIS TIME, ANY ALTERNATIVE OPEN TO USG MUST PROVIDE FOR AT LEAST MINIMUM SUPPORT CONTRIBUTION OF $1 MILLION WITHIN TWO WEEKS TO COVER JULY BILLS AND JUNE PER DIEM. EMBASSY WOULD LIKE TO AVOID IMAGE OF ICCS TOTALLY DEPENDENT FINANCIALLY ON USG WITHOUT, HOWEVER, HAVING ICCS FOUNDER. WE WILL BE FURTHER DISCUSSING ICRRENT ICCS FINANCIAL CRISIS AND RELATED MATTERS WITH KINSOLVING DURING HIS FORTHCOMING VISIT.
APPLING

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